



NEWS RELEASE

CALIFORNIA STATE TREASURER PHILIP ANGELIDES

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TREASURER ANNOUNCES FITCH IBCA RATING HIKE *State's Credit Rating Upgraded from AA- to AA*

Sacramento, CA--State Treasurer Philip Angelides announced today that Fitch IBCA is upgrading California's credit rating from AA- to AA. The rating upgrade, another step toward restoring California's triple A rating, is the second since Treasurer Angelides took office last year. It comes on the heels of a request by the Treasurer at meetings with the rating agency and State Department of Finance officials.

"Fitch IBCA's increased confidence confirms that our hard work to put the State's fiscal house in order is paying off and will save California taxpayers millions of dollars in reduced interest costs," said Treasurer Angelides.

The State currently has \$11.8 billion in General Obligation and Lease Revenue debt authorized, but not issued. The interest savings on that debt as a direct result of the rating upgrade are expected to range from \$53.2 million to \$88.7 million over the life of the bonds.

The Treasurer's request for the rating upgrade was based on a number of important factors, including California's diverse economy and continued strong growth; prudent financial management; modest debt levels; prudent use of additional revenues for one-time expenditures and set-asides.

According to Fitch IBCA, the rating upgrade takes into account the "fundamental strengths of California, buttressed by the sustained favorable economy and financial operations."

In 1986, the State last enjoyed Fitch IBCA's highest AAA rating, but was downgraded in 1992. Fitch IBCA last upgraded California's credit rating in October 1997.

Treasurer Angelides pledged, when campaigning for office, to work hard to raise the State's credit rating which, at the time, was the third worst in the country.

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